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ABSTRACT

Because of the critical importance of education to the productivity and competitiveness of business, the Ad Hoc Committee on Education, comprised of senior executives from major corporations, was established in November 1987 to identify actions the Business Roundtable could take to improve the quality of elementary and secondary education in the United States. The following recommendations are made: (1) the Business Roundtable should initiate no further studies on education, but rather build upon the research already conducted; (2) the Business Roundtable should make a sustained commitment to an effort lead by chief executive officers (CEOs); (3) the Business Roundtable as a national organization should influence education at the Federal level, including the subject of national curriculum standards; (4) the Business Roundtable should provide guidance and information to member companies on education programs and policies through the CEO-led effort; (5) Roundtable companies should develop and strengthen school/business partnerships at the state and local level; and (6) Roundtable companies should endorse public policy issues at the state and local levels that encourage focus on issues such as curriculum standards, teacher competency, and teacher compensation. The recommendations of 16 education studies are summarized on a chart, and most of the studies themselves are summarized in an appendix. Other appendices provide a short list of references, and figures illustrating the Fiscal Year 1989 budget of the United States Department of Education, and the spending on elementary and secondary public education for the school year 1987-88. (BJV)

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The Business Roundtable

The Role of Business in Education Reform: Blueprint for Action

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The Role of Business in Education Reform:

Blueprint for Action

The Business Roundtable
Ad Hoc Committee on Education

April 1988

The Business Roundtable

Headquarters:

200 Park Avenue
New York, New York 10166
212 682-6370

Washington Office:

1615 L Street, N.W.
Washington, D.C. 20036
202 872-1260

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Preface

Even though many of The Business Roundtable companies are involved in education at various levels, it is clear that business can and must do more. This report outlines additional programs and public policy actions that business should take in order to put education where it belongs – a top priority for business involvement.

The Business Roundtable offers this report as a blueprint for the kind of sustained, long-term effort that is required from American business to help improve our kindergarten through 12th-grade (K–12) education system.

This report was prepared by the Ad Hoc Committee on Education, which was composed of senior executives from the American Express Company, GTE Corporation, International Business Machines Corporation, Johnson & Johnson, Tenneco Inc., TRW Inc., and Xerox Corporation.

Descriptions of studies and business partnerships and analyses of public policy issues in this report are interpretations of the committee. Readers who want more information are advised to consult the original sources.

Executive Summary

Objective

Because of the critical importance of education to the productivity and competitiveness of business, the Ad Hoc Committee on Education was established in November 1987.

Its objective was to identify actions The Business Roundtable, as a national organization, and its member companies could take to improve the quality of K–12 education in the United States.

Education is not a new interest for The Business Roundtable. The Roundtable has published several studies encouraging individual company activities which are described in the full report.

Strategy

The Ad Hoc Committee on Education recommends expanding this interest through a new two-level strategy:

Involve The Business Roundtable as a *national organization* in education public policy mainly on the federal level.

Promote Roundtable *member company* activity in school/business programs and *member company* involvement in public policy issues mainly on the state and local level.

The Challenge for Business Involvement in Education

The justification for the strategy is clear. As the quality of education suffers, so does the competitiveness of business.

A 1986 Roundtable survey indicates that as many as 60 percent of high school graduates are not prepared for entry-level jobs. The National Alliance of Business estimates that, if this problem is not corrected, the $30 billion spent annually by corporations for worker training and retraining – some of it on basic and technical skills – could increase dramatically and become an insurmountable obstacle to U.S. international competitiveness.

Twenty-six percent of all students drop out of school before graduation. According to the National Alliance of Business, the total lifetime earnings lost

for the high school dropouts of the 1981 class alone will be $228 billion, with an estimated tax revenue loss of $68.4 billion. In 1986, dropouts cost the economy an estimated $147 billion.

To meet the competitive challenges of the 21st century with more than 130 million U.S. jobs available, workers will need higher skill levels to handle advanced technologies. However, test results from a 17-nation education study showed American students trailing behind most industrialized countries in science achievement. Business should gain competitively in the global marketplace when American students improve their scores in math, science, and literacy. If they don't improve their scores, the U.S. could lose jobs.

Business efforts to improve education should yield a high return in terms of increased productivity and competitiveness.

Principles

The recommendations in this report are based on a set of guiding principles developed by the Ad Hoc Committee. Explained fully in the report, the principles are:

Select a limited number of education programs and do them well.
Conduct programs that are cost-effective.
Develop programs with high employee involvement.
Make a sustained (rather than one-time) commitment to education programs.
Support programs that will serve the interests of business and society.

Recommendations for The Business Roundtable as a National Organization

Recommendation 1: *The Business Roundtable should initiate no further studies on education.*

Since 1983 and the publication of *A Nation at Risk: The Imperative for Educational Reform*, more than 300 studies have been published on education problems and possible solutions. No new study by The Business Roundtable is warranted. Rather, The Business Roundtable should build upon the research already conducted.

Recommendation 2: *The Business Roundtable should make a sustained commitment to education through a CEO-led effort.*

There is no quick remedy for America's education problems. It will take the constant active involvement of many groups, including business, to make key changes to the education system.

Recommendation 3: *The Business Roundtable as a national organization should influence education at the federal level, including the subject of national curriculum standards.*

Last year, the U.S. Department of Education spent more than $20 billion on education, only a third of that on K–12 education. Clearly, there is not only the opportunity for business involvement at the national level, there is a need for it.

Although some business organizations have produced studies and position statements, the business community has not been actively involved in federal education public policy. The Business Roundtable can help fill this void in the education public policy debate which currently includes educators, parents, labor unions, and representatives from a number of associations and special interest groups.

Recommendation 4: *The Business Roundtable should provide guidance and information to member companies on education programs and policies through the CEO-led effort.*

As the Roundtable companies expand their involvement in education programs and public policy issues, they will require information and guidance that should be provided by The Business Roundtable.

Recommendations for Member Companies of The Business Roundtable

Recommendation 5: *Roundtable companies should develop and strengthen school/business partnerships at the state and local level.*

For many years, individual companies have made significant contributions to education at the local level. Companies are encouraged to continue working

with community leaders and educators in forging new partnerships and strengthening existing ones.

The Ad Hoc Committee has identified several partnerships that serve as exceptional models which member companies can replicate. Many of the models use traditional school/business activities as a base from which to address public policy issues. Descriptions of these partnerships and specific actions companies may take are described in the full report.

Recommendation 6: *Roundtable companies should endorse public policy issues at the state and local levels that encourage focus on issues such as curriculum standards, teacher competency, and teacher compensation.*

More than 85 percent of the $185 billion being spent during the current school year on elementary and secondary public education in the U.S. comes from state and local governments. As a result of its review of 14 major education studies, the committee identified three key issues for business involvement:

Curriculum Standards – Business should identify minimum requirements for high school graduates which prepare students for the careers of the 21st century.

Teacher Competency – Several approaches are recommended to address this issue: endorse programs and policies that improve the curriculum for teacher training at both the undergraduate and graduate levels, establish "lead" teacher and mentor programs, offer professional development programs for teachers, prepare students to use new technologies, and provide teachers with the latest educational technologies for instructional purposes.

Teacher Compensation – Business should join in partnership with educators to stimulate professional growth and attract and retain well-qualified teachers. Suggestions include establishing merit pay programs, raising salaries, offering promotions and career ladders for teachers, and providing incentives to reward and recognize superior performance.

Examples of current involvement by Roundtable companies in influencing state and local public policy are described in the full report.

The Role of Business in Education Reform:

Blueprint for Action

Report of The Business Roundtable
Ad Hoc Committee on Education

Education Is a Major Concern to Business

For several years, thoughtful Americans in all sectors of society have been concerned about the problems in American education.

Some states and communities are raising standards and improving test scores. But, by several key measurements – high illiteracy and dropout rates, low comparative test scores, and poor performance in the work place – the present U.S. education system is inadequate.

The problem is not new. But if we do not solve it soon, this national problem could become a national tragedy. More than 40 million students are in our elementary and secondary schools. If we don't keep them in school and do a better job of educating them, who will do the work that enables the United States to compete successfully in the global marketplace?

Projections indicate that the situation will continue to get worse, not better. Our increasingly technological society continually requires more workers with higher skill levels. A June 1987 report by the Hudson Institute projected that more than 1 million traditional jobs will disappear by the year 2000. Of all the new jobs that will be created between now and the year 2000, more than half will require post-high school training. [1]*

The time for criticism and blame is past. Business must join with schools, governments, and other organizations, and then work together to improve the quality of K–12 education in this country.

The programs and public policy issues discussed in this report require the kind of sustained, long-term commitment that business can and should make to improve the quality of American education.

In 1986, the National Alliance of Business issued *A Call to Action*. In this report, the Ad Hoc Committee has offered business a *Blueprint for Action*. What remains is not easy, but it is necessary: business must act.

Continuing Concern

Education is not a new interest of The Business Roundtable. In the past, The Business Roundtable has repeatedly expressed concern about the impact of American education on the quality of the work force and has identified private sector initiatives to address the issues.

* Information sources cited in the text are listed in Appendix A.

In 1983, the Employment Policy Task Force published a report which called on Roundtable companies to "work in partnership with local, state, and federal groups to help assure a return to educational excellence."

Subsequent Roundtable reports and studies, including reports last year by the Task Force on International Competitiveness and the Employment Policy Task Force, clearly showed that companies have a vested interest in the quality of the American education system and therefore should help improve it. Last September, the Employment Policy Task Force recommended that business get involved in teacher quality and standards, curriculum standards, dropout prevention, and job training.

Today, one out of every four students in the American public school system drops out before graduating from high school – a total of 1 million per year. [2] Millions more who infrequently attend school are "at risk" of dropping out.

It is estimated that more than 70 million adult Americans are illiterate or borderline illiterate. Some young adults may be able to read, but not have the capability to understand a bus schedule. They may be able to add and subtract, but not have the skills to calculate the change from a two-item lunch order. [3]

The cost to American society – in wasted human potential, lost wages and taxes, and public assistance – totals billions of dollars every year. [4]

The Roundtable's Employment Policy Task Force suggested that companies meet this critical challenge by sponsoring programs that encourage students to stay in school. The task force listed seven types of programs that demonstrate to students the tangible rewards for staying in school and the relevancy of school to work.

Only by keeping children in school will we have the opportunity to stem the rising tide of illiteracy and educate our young people so they are prepared to enter the work force.

The Need for Improvement

Previous studies provide ample evidence of the need for higher quality education for the students who are in our school systems.

A report recently released by the Carnegie Foundation for the Advancement of Teaching says our urban schools are in crisis. "No other crisis – a flood, a health epidemic, a garbage strike or even snow removal – would be as calmly

accepted without full-scale emergency intervention." Researchers observed six urban school districts across the country. In one, for example, they found that only 10 percent of 10th graders could read effectively. [5]

A recently published study on science achievement of students in 17 countries also finds American students far from the head of the class. Students from the United States ranked eighth in science achievement by 10-year-olds, right behind Italy, and 14th among 14-year-olds, tied with youngsters from Thailand and Singapore. At the top in this study are students from Japan, Korea, and Hungary. In describing U.S. performance, the researchers wrote: "The achievement of advanced science students in biology, chemistry, and physics is low. The biology results are especially low. For a technologically advanced country, it would appear that a reexamination of how science is presented and studied is required." [6]

The problems in our K–12 education system go far beyond student performance on tests. Far too many students are not well prepared to enter the world of work. A 1986 Roundtable survey of member companies found that 38 percent had difficulty finding well-educated high school graduates. More than 60 percent of the 118 companies responding to the survey said that high school graduates are not well prepared for the world of work. More than 80 percent cited insufficient attention to basics in primary and secondary schools and failure to teach about the world of work as fundamental problems affecting their company's ability to use high school graduates. Most skills will be more important to these companies in the future, with 95 percent citing an increasing need for computer literacy. [7]

A recent study by the National Alliance of Business indicates that both business and higher education are spending significant amounts of time and money on remedial education. According to the authors, "Without fundamental changes and major improvements in the way schools prepare young people, employers will pay an increasingly high price for the educational deficit." [4]

The findings of a recent study by the Hudson Institute show that the situation will only get worse. As we approach the turn of the century, even the least skilled occupations will require workers to read, understand directions, add, and subtract. The fastest-growing occupations will require much higher math, language, and reasoning capabilities than current jobs. [1]

Principles to Guide Business Involvement

The Ad Hoc Committee developed a set of principles as a guide for determining what education activities The Business Roundtable and member companies could most effectively undertake. The Committee adopted the following principles:

- *Select a limited number of education programs and do them well.*

  Companies should not try to address all education problems but focus on those that make the most sense for the individual company.

- *Conduct programs that are cost-effective.*

  Companies should look for programs that result in a multiplier effect. In other words, companies should choose programs that demonstrate a good return on investment.

- *Develop programs with high employee involvement.*

  Clearly, one of a company's greatest assets is its employees and their capacity to become involved in local education activities.

- *Make a sustained (rather than a one-time) commitment to education programs.*

  Long-term approaches are needed to make significant changes to current education systems. There are no "quick fixes."

- *Support programs that will serve the interests of business and society.*

  Since the Roundtable and its member companies have limited resources, they should promote education activities in which they have special interest and capability. Also, business should choose programs that have multiple benefits and serve the greater interest of society.

Time for Action

Recommendation 1: *The Business Roundtable should initiate no further studies on education.*

Since 1983 and the publication of *A Nation at Risk: The Imperative for Educational Reform*, [8] more than 300 studies have been published on America's education problems and possible solutions. No new study by The Business Roundtable is warranted. Rather, The Business Roundtable should build on the research already conducted and suggest specific actions that the Roundtable and member companies can take. As the information in the first section of this report shows, action is urgently needed.

Studies have been conducted by a number of groups, including presidential commissions, state and local governments, private foundations, and business leaders. While many significant, useful studies are available, the Ad Hoc Committee on Education reviewed 14 representative studies which address the problem from a national perspective. The studies are listed on page 16 and summarized in Appendix B on pages 30 – 35.

On the following pages, a matrix shows the recommendations of these 14 studies in six major categories: teacher competency, teacher compensation, curriculum standards, school system reforms, administration/political leadership, and business involvement. All 14 studies discuss the need for school system reforms. Nine recommend improvements to curriculum standards, eight discuss teacher competency, and seven deal with teacher compensation. Eight make recommendations in the area of administration/political leadership and eleven call for business involvement. The committee chose to concentrate its recommendations for business involvement on three major areas: *curriculum standards*, *teacher competency*, and *teacher compensation*.

Summary of Education Report Recommendations

I. Teacher Competency

1. Raise competency of teachers
2. Establish "lead" teacher concept
3. Upgrade curriculum for teachers
4. Provide current technologies for teachers

II. Teacher Compensation

1. Establish teacher incentive programs
2. Provide merit pay for teachers
3. Create career/promotion ladders

III. Curriculum Standards

1. Raise academic standards
2. Establish measurable standards
3. Establish minimum requirements at specific mileposts
4. Establish minimum high school graduation requirements
5. Place greater emphasis on basics
6. Place greater emphasis on literacy

IV. School System Reforms

1. Provide stay-in-school incentives
2. Expand career counseling
3. Provide greater exposure to business
4. Extend academic day/year
5. Reduce dropout rates
6. Design programs for the disadvantaged

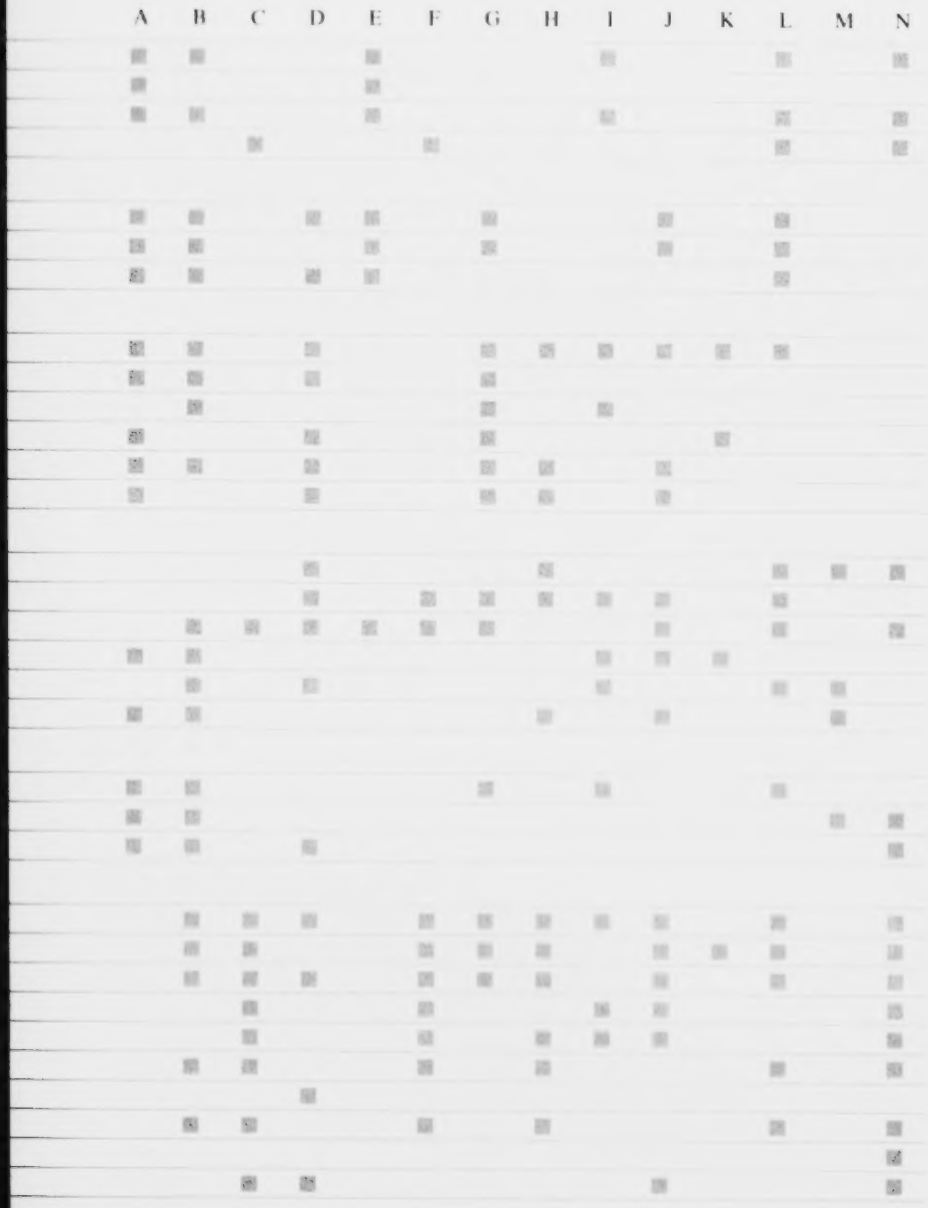
V. Administration/Political Leadership

1. Hold administrators and political leaders accountable
2. Improve school administrator management capacity
3. Provide greater financial resources for education

VI. Business Involvement

1. Establish partnerships with schools
2. Review curriculum and provide feedback on relevance to business
3. Provide students with business exposure
4. Business executives serve in policy-making roles
5. Make financial and in-kind contributions
6. Provide schools with latest technologies
7. Give hiring priority to local graduates
8. Involve employees in school activities
9. Support stay-in-school programs
10. Adopt a school

Note: The letters below correspond to the 14 education studies identified on page 16.



List of Studies

A. *A Nation at Risk: The Imperative for Educational Reform*, The National Commission on Excellence in Education (1983)

B. *Action for Excellence*, Task Force on Education for Economic Growth, Education Commission of the States (June 1983)

*C. *Paper on Education*, Employment Policy Task Force, The Business Roundtable (December 1983)

D. *Boston: A Partnership for Excellence*, Speech by Kenneth R. Rossano, Chairman, Boston Chamber of Commerce (October 1985)

E. *A Nation Prepared: Teachers for the 21st Century*, Carnegie Forum on Education and the Economy (May 1986)

*F. *Attitudes Toward Primary and Secondary Education: A Survey of the Members of the Business Roundtable*, Primary and Secondary Education Subcommittee of the Employee Relations Committee, The Business Roundtable (May 1986)

G. *Preparing Youth for the Job Market of the Future: A Management Plan for Educators & Employers*, Hudson Institute (June 1986)

H. *Youth 2000: A Call to Action*, National Alliance of Business (June 1986)

I. *Dropouts in America: Enough is Known for Action*, The Institute for Educational Leadership (March 1987)

*J. *American Excellence in a World Economy*, Task Force on International Competitiveness, The Business Roundtable (June 1987)

K. *Workforce 2000: Work and Workers for the 21st Century*, Hudson Institute (June 1987)

*L. *Employee Relations Committee Recommendations on Education*, The Business Roundtable (September 1987)

M. *Children in Need*, Committee for Economic Development (1987)

N. *The Fourth R: Workforce Readiness*, National Alliance of Business (November 1987)

* Reports and surveys by The Business Roundtable.

Sustained Commitment

Recommendation 2: *The Business Roundtable should make a sustained commitment to education through a CEO-led effort.*

This year, $185 billion is being spent on elementary and secondary public education in the United States.[9] What is the return on that investment? Some states and communities are raising standards and improving test scores. But our education system is not improving fast enough on a sufficiently large scale to reverse the trends described earlier in this report. There is no quick remedy to the problems in American education. Solving them will require the constant, active involvement of many groups, including business.

Given the scope of the problems, and both their present and potential impact on the competitiveness of U.S. corporations, the business case for private sector involvement is compelling. Improvements in the quality of education can result in a high return on investment for American business. More effective primary and secondary schools will result in a more literate, skilled work force. Partnerships between business and schools can result in a mutually beneficial exchange of information on the needs of both. And when American students score at the top in math, science, and reading comprehension, American business will gain in the global marketplace.

The Business Roundtable needs to make a long-term commitment to focus on education issues and needs to have a CEO lead the effort at the national level.

In addition, the kind of sustained activity required from an individual business most likely will be successful if it is led by the company's chief executive officer. To help businesses get started, the Roundtable suggests the following list of actions which could be taken at several levels of a corporation, starting with the CEO. This is not intended to be a complete list or a set of prescribed activities. Rather, it suggests an approach for treating investments in education as investments in a company's future work force, just as research and development expenditures are investments in future technologies.

Actions that could be taken at the corporate level:

- Publicize CEO statement of commitment to education both within and outside the company.
- Support legislative initiatives.
- Gain national visibility on the issues through communications such as advertising and speeches.
- Participate in state and local partnerships in headquarters state.
- Use techniques that have been proven effective on other issues, such as affirmative action and community programs, to address education issues.
- Assign responsibility to upper management.

Actions that could be taken at the division/middle management level:

- Establish education as a high-priority community activity.
- Assign managers to monitor and report company activity.
- Report activities regularly through chain of command.
- Get involved in public policy partnerships and coalitions.
- Encourage employee involvement.
- Publicize and recognize employee activities.

Actions that could be taken at the site/branch level:

- Implement and support programs to enhance teacher competency and school effectiveness.
- Set up programs and provide support for employee involvement in schools.
- Get involved in local public policy.

Actions that could be taken at the employee level:

- Get involved through local organizations and programs.

Federal Public Policy

Recommendation 3: *The Business Roundtable as a national organization should influence education at the federal level, including the subject of national curriculum standards.*

At the present time, there is a noticeable lack of business involvement in the education public policy debate on the federal level while a host of other organizations – including political groups, educators, unions, education associations, and parent groups – are very vocal and influential in this arena.

Although business organizations have published many outstanding reports and position statements on education and have focused considerable attention on job-training programs, no national business organization has developed an education public policy strategy at the federal level. The Business Roundtable should help fill this void.

The Business Roundtable should initiate an ongoing, structured education public policy strategy and work in coalition with other groups to influence education legislation at the federal level.

The Roundtable also should work to shape education policies in which the business perspective adds value, such as national minimum curriculum standards and federal spending on education.

At this time, there is no national minimum curriculum standard. States maintain wide latitude in developing curriculum and minimum standards for high school graduation. Various groups in our society are beginning to look at this issue. In two reports released by the U.S. Department of Education, *First Lessons* and *James Madison High School*, model curricula for elementary and secondary schools are discussed.

Business should be involved in these discussions, particularly on issues such as work environments, minimum skills, and technical capabilities likely to be required in the future. In the year 2000 – only 12 years from now – today's kindergartners will graduate from high school. As we look toward the work force of the 21st century, it is clear that curricula will have to be analyzed – particularly in mathematics, science, technology, and foreign languages – to ensure that future job requirements are met.

Another public policy consideration for business could be the budget for the U.S. Department of Education. For fiscal year 1989, the Department of Education

has requested a budget of $21.2 billion, $6.6 billion of which is specifically for K–12 programs.[9] Appendix C on page 36 shows the broad categories of the fiscal year 1989 U.S. Department of Education budget request. Appendix D on page 37 shows U.S. Department of Education spending for elementary and secondary education.

Clearly, there is not only the opportunity for business involvement at the national level, there is a need for it. Corporations need to understand what is being funded, what isn't, and decide how they want to influence these decisions to assure that our work force will be prepared to meet the challenges of the future.

Guidance and Information

Recommendation 4: *The Business Roundtable should provide guidance and information to member companies on education programs and policies through the CEO-led effort.*

As Roundtable companies expand their involvement in education programs and public policy issues, they will require information and direction that should be provided by The Business Roundtable. In turn, member companies can use the information, individually or in coalition with other organizations, to improve education in the communities where they operate.

The potential and long-term effects of this effort are promising. The Business Roundtable can compile information on education programs, particularly successful school/business partnerships, which involve both Roundtable members and other organizations. To complement this activity, The Business Roundtable also should begin to collect information and analyze legislative initiatives, public policy debates, and emerging trends on state and local levels.

By serving as a resource on education programs and public policy, The Business Roundtable can help member companies increase their advocacy for quality education.

State and Local Partnerships

Recommendation 5: *Roundtable companies should develop and strengthen school/business partnerships at the state and local level.*

For many years, individual companies have made significant contributions to education at the local level. Companies are encouraged to continue working with community leaders and educators in forging new partnerships and strengthening existing ones.

The Ad Hoc Committee has identified several partnerships that serve as exceptional models which member companies can replicate. Many of the models use traditional school/business activities as a base from which to address public policy issues. These partnerships are varied. Their activities range from very focused to quite broad, depending on the objectives of the partnership.

A report published in November 1987 by the National Alliance for Business, *The Fourth R: Workforce Readiness*, describes various types of business partnerships and provides a useful approach for building a coalition. A book recently published by the Committee for Economic Development, *American Business and the Public School: Case Studies of Corporate Involvement in Public Education*, includes several case studies and suggests strategies for business involvement with public schools.

Selected partnerships are outlined below to offer Roundtable companies models on which they could base their own activities.

Atlanta Partnership of Business & Education, Inc.

In 1981, the Atlanta Partnership of Business & Education, Inc. was formed to enhance education opportunities for more than 65,000 Atlanta public school students. This nonprofit organization, which has an executive director and a small staff, has strengthened traditional public/private partnerships and developed an effective strategy and coalition for influencing education legislative initiatives.

Some of the achievements of this partnership include:

- In 1984, the organization successfully lobbied for the passage of the Georgia Quality Basic Education Act. This legislation was the state's major education reform initiative and was designed to overhaul the education system in the state.

– In 1984, the Partnership pushed for the passage of a sales tax, a portion of which would benefit the Atlanta public school system. The referendum passed, and last year the Atlanta public schools received $13 million as a result of the sales tax.

The Atlanta Partnership involves more than 350 companies, including 19 from The Business Roundtable.

The Boston Compact

In 1982, the Boston business, education, and labor communities began to work together to improve the quality of education available to Boston students. The Compact linked improvements in school performance with job opportunities in Boston.

With the help of the Boston Compact, public school attendance has improved 6.5 percent over five years. Reading and mathematics scores have improved as well. A competency-based graduation requirement in reading has been instituted.

The school system and the Boston Private Industry Council filled 3,000 summer jobs in 1987. Last year, the program placed 1,000 graduates in full-time private-sector jobs. In addition, colleges and universities have created a network of support organizations to increase college attendance.

The Compact recently won a public policy victory in its ongoing battle to curb the spiraling dropout rate in Boston city schools. Teaming with the Boston city schools superintendent, the Compact secured $2 million from the Boston City Council specifically to fund a new dropout prevention and reentry program.

The Boston Compact is being used as a model in other cities. Massachusetts plans to expand the model to five other cities, and the states of New York and New Jersey are using the design in statewide efforts. Additionally, as a result of a federally funded demonstration project implemented by the National Alliance of Business, other Compact projects have been initiated in Albuquerque, Cincinnati, Indianapolis, Memphis, San Diego, Louisville, and Seattle.

The Boston Compact involves 24 companies, including three members of The Business Roundtable.

California Business Roundtable

In California, two things heightened business community concern about education. First, businesses began to notice an increase in job applicants lacking necessary skills to compete in the work place. Second, with the passage of Proposition 13, numerous businesses felt increased concern about the quality of education even though they had initially supported Proposition 13.

In 1980, the California Business Roundtable commissioned a study of state education, which was completed in 1982. As a result of the ensuing ground swell of support for education reform in the state, many of the recommendations of the California Business Roundtable were included in a major education reform bill in 1983.

The organization also worked in coalition with the state superintendent of schools, the education community, and other interested parties to lobby members of the legislature and the governor for passage of the bill. In addition, individual member company CEOs personally lobbied for this legislation.

While there have been some improvements in education as a result of increased education funding, the California Business Roundtable is beginning to take a more in-depth look at education reforms. The group philosophy is that the K–12 education system of the 21st century should be performance-based, have autonomous and flexible schools, offer parents and students choices, provide incentives to teachers and administrators, support innovative teaching, encourage professionalism among teachers, and treat cultural diversity as a strength.

The organization has developed a preliminary design for a new education system which includes restructuring schooling, reorganizing governance and management, redesigning instructional delivery, and professionalizing teaching. They are endorsing this concept, which they envision will lead to education legislation in 1989.

The California Business Roundtable has a membership of 89 companies, including 16 members of The Business Roundtable.

Minnesota Business Partnership

The Minnesota Business Partnership was established in 1977 by a group of 11 CEOs. In 1982, out of a concern for the downward trend in the achievement scores of Minnesota students, the Partnership commissioned a three-year study to assess education problems in the state.

Recommendations from the study called for major structural reform for the schools, including a "choice" system that would allow 11th and 12th grade students to take advantage of alternative education programs offered by other high schools, post-secondary training institutions, and programs offered by private industry.

The "choice" program has now been installed statewide. About 50 percent of all students can select their own schools. The Partnership is now working to implement uniform test standards in order to provide parents, students, and educators with comparable test results from all schools in the "choice" program.

The Minnesota Business Partnership involves 72 companies, including five members of The Business Roundtable.

Washington Roundtable

In 1983, the Washington Roundtable formed a special committee to conduct three studies on the status of education in the state. A loaned executive from one of the member companies assumed overall responsibility for the studies and was assisted by more than 25 other executives who were loaned on a three-month rotating basis. They developed specific proposals and recommendations.

As a result of the studies, 40 separate legislative recommendations were proposed and education has become one of the top three priorities for the Washington Roundtable. The recommendations have been the source of state legislation and various lobbying efforts by the Washington Roundtable, member companies, and coalitions. They include:

- A legislative proposal to increase starting salaries for faculty members at state colleges and universities. The bill was passed by the state legislature.
- A legislative proposal for the state to fund Head Start or early childhood education programs for disadvantaged children. The legislation passed after being amended.

- A legislative proposal to appropriate funds to enhance training and retraining programs for teachers to upgrade skills. This measure was defeated.
- A program to adjust the starting salary for new teachers, establish various pay categories for current teachers, and strengthen teacher evaluation programs. This measure was defeated.

In November 1986, the governor adopted education as one of his major priorities and praised the work of the Washington Roundtable in this area.

The Washington Roundtable is comprised of 29 CEOs and five leading citizens and former CEOs.

State and Local Public Policy

Recommendation 6: *Roundtable companies should endorse public policy issues at the state and local levels that encourage focus on issues such as curriculum standards, teacher competency, and teacher compensation.*

More than 85 percent of the $185 billion being spent this year on elementary and secondary public education in the U.S. comes from state and local governments, as shown in Appendix E on page 38. [9] On average, states contribute 45.5 percent while local school boards contribute 40 percent, according to figures released recently by the U.S. Department of Education. Clearly, states and local communities dominate spending on public elementary and secondary education.

The states also have been at the forefront of the education reform movement. Since the first wave of the national education reform movement began, many states have made sweeping changes to improve the quality of education for students. In recent years:

- 45 states have raised requirements for graduation
- 6 states have lengthened the school year
- 26 states have new teacher tests, three have new recertification tests, and seven have mandatory competency tests

In addition, the National Governors Association projects that during current state legislative sessions, 17 states will examine school funding issues while six others will look at merit pay and school district consolidation.

Because states and localities control an overwhelming majority of the funds currently being spent on K–12 education and because they are initiating most of the education reforms taking place, it is especially important for business to take an active role on the state and local levels. Curriculum standards, teacher competency, and teacher compensation can all be addressed in states and communities.

In the area of curriculum standards, business should help identify minimum requirements for high school graduates which prepare students for careers in the 21st century.

Companies also should work with teachers' organizations and others to find ways to encourage and reward teacher competency. Business may want to endorse programs and policies that improve the curriculum for teacher training

at both the undergraduate and graduate levels, establish "lead" teacher and mentor programs, offer professional development programs for teachers, prepare students to use new technologies, and provide teachers with the latest educational technologies.

In the area of teacher compensation, business should join in partnership with educators to stimulate professional growth and to attract and retain well-qualified teachers. Suggestions include establishing merit pay programs, raising salaries, offering promotions and career ladders for teachers, and providing incentives to reward and recognize superior performance.

Appendix A: Information Sources

1. *Workforce 2000: Work and Workers for the 21st Century*, Hudson Institute (June 1987)

2. *Dropout Programs*, General Accounting Office (July 1987)

3. National Assessment of Educational Progress assessment of literacy skills of young adults ages 21 to 25

4. *The Fourth R: Workforce Readiness*, National Alliance of Business (November 1987)

5. *The New York Times*, Page A1, March 16, 1988, describing the report, *An Imperiled Generation: Saving Urban Schools*, by the Carnegie Foundation for the Advancement of Teaching

6. *Science Achievement in Seventeen Countries: A Preliminary Report*, International Association for the Evaluation of Educational Achievement (1988)

7. *Attitudes Toward Primary and Secondary Education Systems: A Survey of the Members of the Business Roundtable*, Primary and Secondary Education Subcommittee of the Employee Relations Committee, The Business Roundtable (May 1986)

8. *A Nation at Risk: The Imperative for Educational Reform*, The National Commission on Excellence in Education (1983)

9. U.S. Department of Education, various documents

Appendix B: Summaries of Studies

More than 300 education studies have been undertaken during the last few years by a number of groups, including presidential commissions, state and local governments, private foundations, and business leaders. While many significant, useful studies are available, the Ad Hoc Committee on Education selected 14 representative studies which address the problem from a national perspective. The studies and their recommendations are summarized below:

A. *A Nation at Risk: The Imperative for Educational Reform*, The National Commission on Excellence in Education (1983)

- Strengthen state and local high school graduation requirements
- Adopt more rigorous and measurable standards of academic performance in schools, colleges, and universities
- Devote significantly more time to learning the basics
- Improve the preparation of teachers and make teaching a more rewarding and respected profession
- Hold educators and elected officials responsible for providing leadership to achieve education reforms

B. *Action for Excellence*, Task Force on Education for Economic Growth, Education Commission of the States (June 1983)

- State governments to develop education action plans
- Create local partnerships
- More effectively use available education resources
- Express higher regard for teachers
- Make academic experience more productive
- Encourage and reward quality leadership
- Improve leadership/management
- Serve disadvantaged students

C. *Paper On Education*, Employment Policy Task Force, The Business Roundtable (December 1983)

- Encourage employees to serve on boards of education and advisory committees
- Release employees to serve as consultants to schools, assisting in curriculum development, equipment purchase, and teacher training
- Encourage employees to help provide technical and scientific lessons and workshops for teachers and students
- Encourage employees to provide individual tutoring for students
- Provide summer internships for teachers in rapidly changing scientific and technical fields
- Provide students with incentives to excel
- Provide funds for education research and development of pilot education programs
- Provide funds for school equipment, books, and supplies
- Adopt a school (In this program, a company or office may provide a local school a variety of support, ranging from tutoring and career education to job-hunting skills and summer jobs)
- Join with other business and community groups to work for education reform
- Articulate and communicate needs of the business community through presentations to school boards, teachers' unions, and administrators and their professional associations
- Become a political advocate of excellence in education

D. *Boston: A Partnership for Excellence*, Speech by Kenneth R. Rossano, Chairman, Boston Chamber of Commerce (October 1985)

- Develop partnership between business community and education
- Establish measurable school goals (attendance, dropout reduction, math/reading achievement, job and college placement)
- Provide incentives for students to stay in school
- Give hiring priority to high school graduates
- Reform education systems (improve curricula, set more stringent graduation requirements, improve teacher promotion policies)

E. *A Nation Prepared: Teachers for the 21st Century*, Carnegie Forum on Education and the Economy (May 1986)

- Create a national board for professional teaching standards, organized with a regional and state membership structure
- Restructure schools to provide a professional environment for teaching and hold teachers accountable for student progress
- Restructure the teaching force and introduce a new category of "lead" teachers
- Require a bachelor's degree in the arts and sciences as a prerequisite for the professional study of teaching
- Develop a new professional curriculum in graduate schools of education leading to a master of teaching degree
- Mobilize the nation's resources to prepare minorities for teaching careers
- Relate incentives for teachers to school-wide student performance and provide schools with essential technology, services, and staff
- Make teachers' salaries and career opportunities competitive with other professions

F. *Attitudes Toward Primary and Secondary Education: A Survey of the Members of the Business Roundtable*, Primary and Secondary Education Subcommittee of the Employee Relations Committee, The Business Roundtable (May 1986)

(Note: The following are not recommendations but the results of a survey aimed at identifying the appropriate roles for business to improve education systems.)

- Make educators aware of business skills required for success
- Provide general assistance and support for teachers and schools
- Encourage employees to be involved at the local level
- Sponsor student and teacher programs
- Involve corporate executives on school boards
- Provide career counseling

G. *Preparing Youth for the Job Market of the Future: A Management Plan for Educators & Employers*, Hudson Institute (June 1986)

- Move schools from process orientation to results orientation and establish measurable goals (dropout rates, job placement rates)
- Require basic skill achievement before permitting students to take specialized courses
- Expose students to world of work
- Establish achievement levels for students before moving up through grades or graduating
- Expand career counseling programs
- Use community resources to supplement classroom training
- Establish incentives/disincentives to reinforce school system and individual educator performance
- Local businesses provide structured feedback to school systems on the performance of their students

H. *Youth 2000: A Call to Action*, National Alliance of Business (June 1986)

- Teach more than "3 R's," teach differently to motivate and retain students through graduation, and offer other special services
- Attack literacy problems at all levels through schools, families, communities, and business
- Establish partnerships to provide collaboration between schools, business, and communities to improve education

I. *Dropouts in America: Enough is Known for Action*, The Institute for Educational Leadership (March 1987)

- Extend education to full year
- Establish community/business partnerships
- Identify individualized approaches
- Establish school accountability
- Combine structure, discipline, guidance
- Address personal problems/academic performance
- Reorient grade promotion policies
- Improve training programs for school staff

J. *American Excellence in a World Economy*, Task Force on International Competitiveness, The Business Roundtable (June 1987)

- Private sector participate directly in the improvement of local schools
- Serve on committees and boards of education
- Adopt a school
- Make financial and in-kind contributions
- Executives participate in curriculum review and course instruction
- Sponsor teacher award programs
- Support individual counseling
- Host business field trips

K. *Workforce 2000: Work and Workers for the 21st Century*, Hudson Institute (June 1987)

- Raise education standards dramatically
- Increase length of school year
- Use more difficult tests covering more difficult subject matter

L. *Employee Relations Committee Recommendations on Education*, The Business Roundtable (September 1987)

- Establish statewide award programs to reward and recognize teacher/school excellence
- Implement teacher/administrator professional development programs with colleges and businesses through internships
- Provide equipment and instruction to teachers on the latest technologies
- Upgrade curriculum standards, placing increased emphasis on teacher quality and improved performance
- Promote business/school partnerships to address problems of academic achievement
- Develop incentives for students to stay in school, such as summer youth programs, scholarships, and co-op work programs

M. *Children in Need*, Committee for Economic Development (1987)

- Prevent education problems of disadvantaged children through early intervention (parent education, quality child care, preschool programs)
- Restructure the foundations of education through tailored programs for disadvantaged children, smaller classrooms, improved support (health services, nutritional guidance)
- Increase emphasis on extracurricular activities to build academic, social, and physical skills
- Design special programs to reduce high dropout rates, such as combining work experience with basic skills, helping motivate disadvantaged children, and offering other stay-in-school incentives

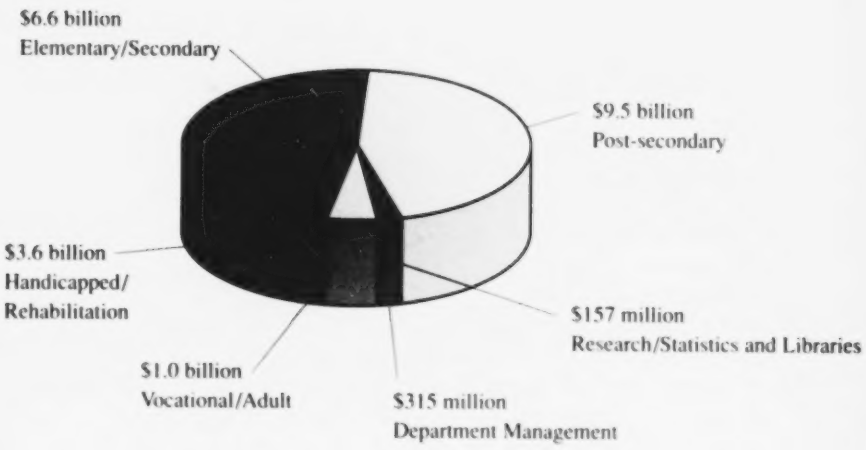
N. *The Fourth R: Workforce Readiness*, National Alliance of Business (November 1987)

- Collaborate on programs to improve the quality of education, build civic literacy, and create a work force that can adapt to work place changes
- Develop partnerships at appropriate levels of involvement:
  - Partners in policy
  - Partners in systemic improvement
  - Partners in management
  - Partners in teacher training and development
  - Partners in the classroom
  - Partners in special services
  - Multilevel partnerships

Appendix C: U.S. Department of Education Budget Request

Fiscal Year 1989
President's Budget for Education

Total: $21.2 billion



Data source: U.S. Department of Education

Appendix D: Fiscal Year 1989 U.S. Department of Education Budget Summary

Elementary and Secondary Education

(Budget authority in millions)

Appropriation/Activity	1987 Appropriation	1988 Appropriation	1989 Request
Chapter 1*	$3,944.2	$4,327.9	$4,566.1
Chapter 2**	529.3	508.4	575.0
Drug-Free Schools	200.0	229.8	250.0
Impact Aid	717.5	708.5	592.0
Math-Science/Teacher Training	91.2	131.7	137.9
Indian Education	64.0	66.3	67.7
Magnet Schools	75.0	71.8	115.0
Civil Rights	24.0	23.5	23.5
Bilingual Education	143.1	146.6	156.6
Immigrant and Refugee Education	45.9	45.2	43.9
Other	112.5	74.2	28.9
Total	**$5,946.7**	**$6,333.9**	**$6,556.6**

* Chapter 1: Compensatory reading and math program for disadvantaged elementary school students

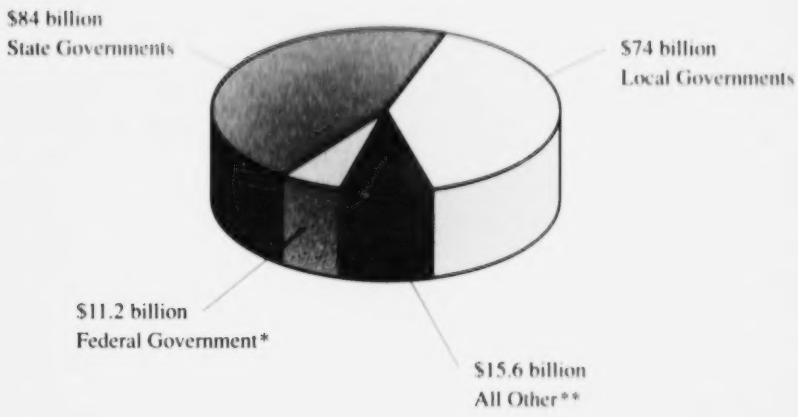
** Chapter 2: Block grants to states

Data source: U.S. Department of Education

Appendix E: Spending on U.S. Elementary and Secondary Public Education

1987–88 School Year

Total: $184.8 billion



* Includes spending by the U.S. Departments of Education, Labor, Health and Human Services, and Defense

** Includes private funding for public education

Data source: U.S. Department of Education

The Business Roundtable

Headquarters:

200 Park Avenue
New York, New York 10166
212 682-6370

Washington Office:

1615 L Street, N.W.
Washington, D.C. 20036
202 872-1260

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